

§ 1951.514

§ 1951.514 Recoverable and non-recoverable cost charges.

The District Director will service recoverable and non-recoverable cost items according to §1951.14 of subpart A of this part and FmHA or its successor agency under Public Law 103-354 Instruction 2024-A which is available in any FmHA or its successor agency under Public Law 103-354 office. (Recoverable and non-recoverable costs are defined in §1951.504 of this subpart.)

[53 FR 16245, May 6, 1988, as amended at 57 FR 36591, Aug. 14, 1992]

§ 1951.515 Promissory notes for borrowers who convert to PASS.

Promissory notes in the hands of investors when a loan is converted to PASS will be repurchased by the Finance Office and forwarded to the District Office for storage.

§ 1951.516 [Reserved]

§ 1951.517 Conversion from DIAS to PASS.

(a) *Conversion prior to May 1, 1985.* The account of any existing RRR loan recipient who elected to convert to PASS before October 31, 1983, by following instructions prescribed by FmHA or its successor agency under Public Law 103-354, and who signed their conversion documents before May 1, 1985, or any recipient of a new loan, credit sale, or transfer (new terms) closed between November 1, 1983, and April 30, 1985, who elected to convert to PASS, was converted, as if the loan has been on an amortization schedule from the date of the loan, transfer (new terms), or reamortization (new terms), whichever occurred later.

(b) *Conversion on or after May 1, 1985—*

(1) *Required conversion.* After May 1, 1985, all MFH loans, transfers or reamortizations must be closed on PASS, except LH loans specified in §1951.501(a)(2)(i) of this subpart. All borrowers receiving subsequent loans or reamortizations must convert all initial and subsequent loans on the project to PASS. If the subsequent loan and conversion are not closed on the first of the month, the interest from the date of closing to the first of the month will be capitalized. Recoverable costs and unpaid interest may be cap-

7 CFR Ch. XVIII (1-1-01 Edition)

italized on conversions required by subsequent loans or reamortization of one loan on the project account.

(2) *Voluntary conversion.* District Directors shall approve voluntary conversion of any account from DIAS to PASS upon a request by the borrower, when the following conditions are met:

(i) The loan account and reserve account are current less any authorized withdrawals at the time of conversion.

(ii) Conversion does not result in a rent increase.

(iii) The conversion is effective the first day of the month.

(3) *Processing conversions.* The following actions must be taken to convert an account from DIAS to PASS:

(i) Form FmHA or its successor agency under Public Law 103-354 1951-50, "Multiple Family Housing Conversion Agreement," will be completed according to the FMI except loans converted on Form FmHA or its successor agency under Public Law 103-354 1965-9, "Multiple Family Housing Assumption Agreement," or FmHA or its successor agency under Public Law 103-354 1965-16, "Multiple Family Housing Reamortization Agreement." The terms of Forms FmHA or its successor agency under Public Law 103-354 1965-9 and FmHA or its successor agency under Public Law 103-354 1965-16 convert the account to PASS.

(ii) When the borrower will continue to receive interest credit following conversion, the current interest credit plan type will be passed through to the PASS loan. However, a new Form FmHA or its successor agency under Public Law 103-354 1944-7 must be prepared to reflect the PASS payment and subsidy amount.

(iii) On the back of the original note or assumption agreement (new terms), below all signatures and endorsements, the District Director will insert the following: "A Form FmHA or its successor agency under Public Law 103-354 1951-50 dated ____ 198__, in the principal sum of \$____, has been given to modify the payment schedule of the note."

(4) *Principal balance to be converted.* For transfers and reamortizations, the applicable transfer or reamortization form will convert the account to PASS. The principal balance converted to